

WELCOME TO

**Strategies & Tactics to
Drive a Financially Profitable
Outfitting Business**

Presented by: Zeb Smith, CPA

About Me

Zeb Smith, CPA

Ascent Business Financial Strategies

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About Me

CPA, Life Enthusiast

"My purpose is to live a life independent of financial concerns so I can spend time with my family hunting, hiking, camping, & all things outdoors."



About Me

CPA, Life Enthusiast

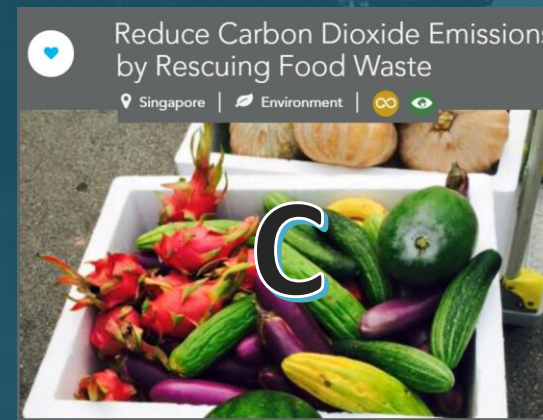
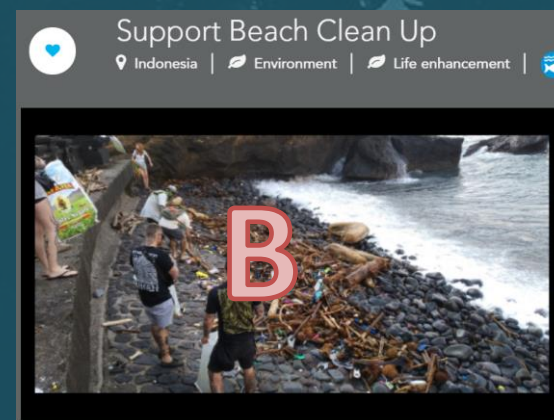
"My mission is to provide financial services to outfitters so you too can live a life independent of financial concerns and spend more time with the ones you love, doing the things you love most."



Profits for a Purpose

“For every Profit Diagnostic scheduled,
I will personally donate to the purpose of your choice.
Without spending a single dollar you will discover the most
efficient ways to improve *your* outfit's profits...
& the world will benefit too. It's a win-win!”

Zeb Smith, CPA
Ascent Business Financial Strategies



Visit the Ascent booth to...
Schedule a *free* 30min Profit Diagnostic. I will do the rest.

Who is with us here today?

Put in the comment box something about you...

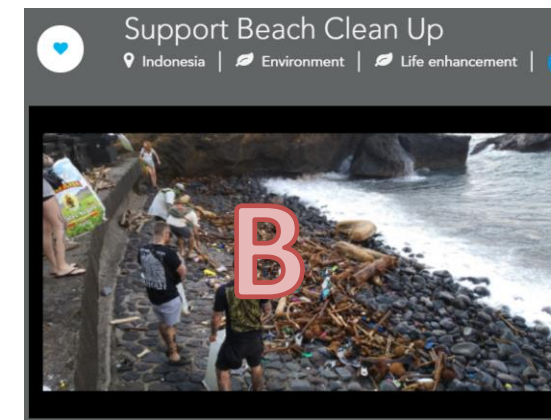


Where are you from?

What's your role in your outfit?

What's your favorite color?

*Put it in the comments & include
A, B, C, T, or S...*





**Getting straight with your money is
as complicated as a trip to the grocery store:**
You need a comparison shop, add and subtract,
stick with a plan, and ask questions –
Nothing more.

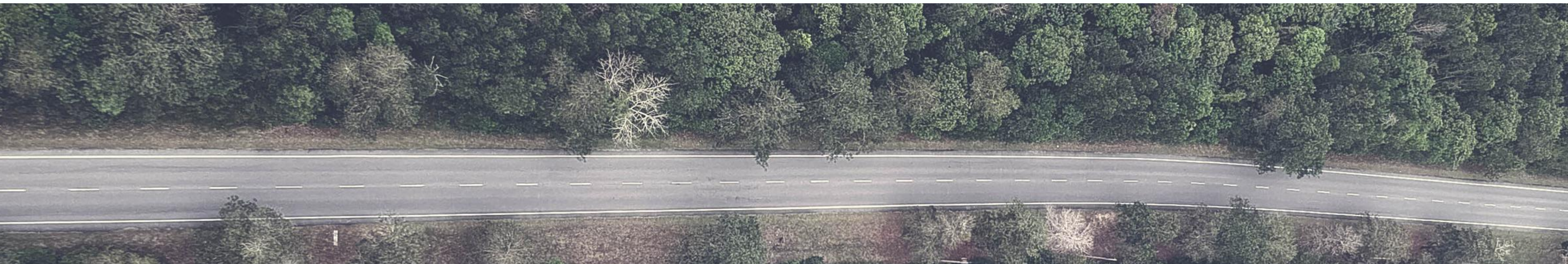
Elizabeth Warren, US Senator

Introduction



Case Studies

From outfitters just like you



Mike & Amber Kissack

American Adventure Expeditions

Whitewater rafting in Buena Vista, CO

Started business in 2009

Multi-location operation



Mike & Amber Kissack

American Adventure Expeditions

In 2019:

- Decided business needed to change.
- Removed Canon City location.
- Started strategies here.

In spring 2020:

- Covid hits.
- Made pivots.



Mike & Amber Kissack

American Adventure Expeditions

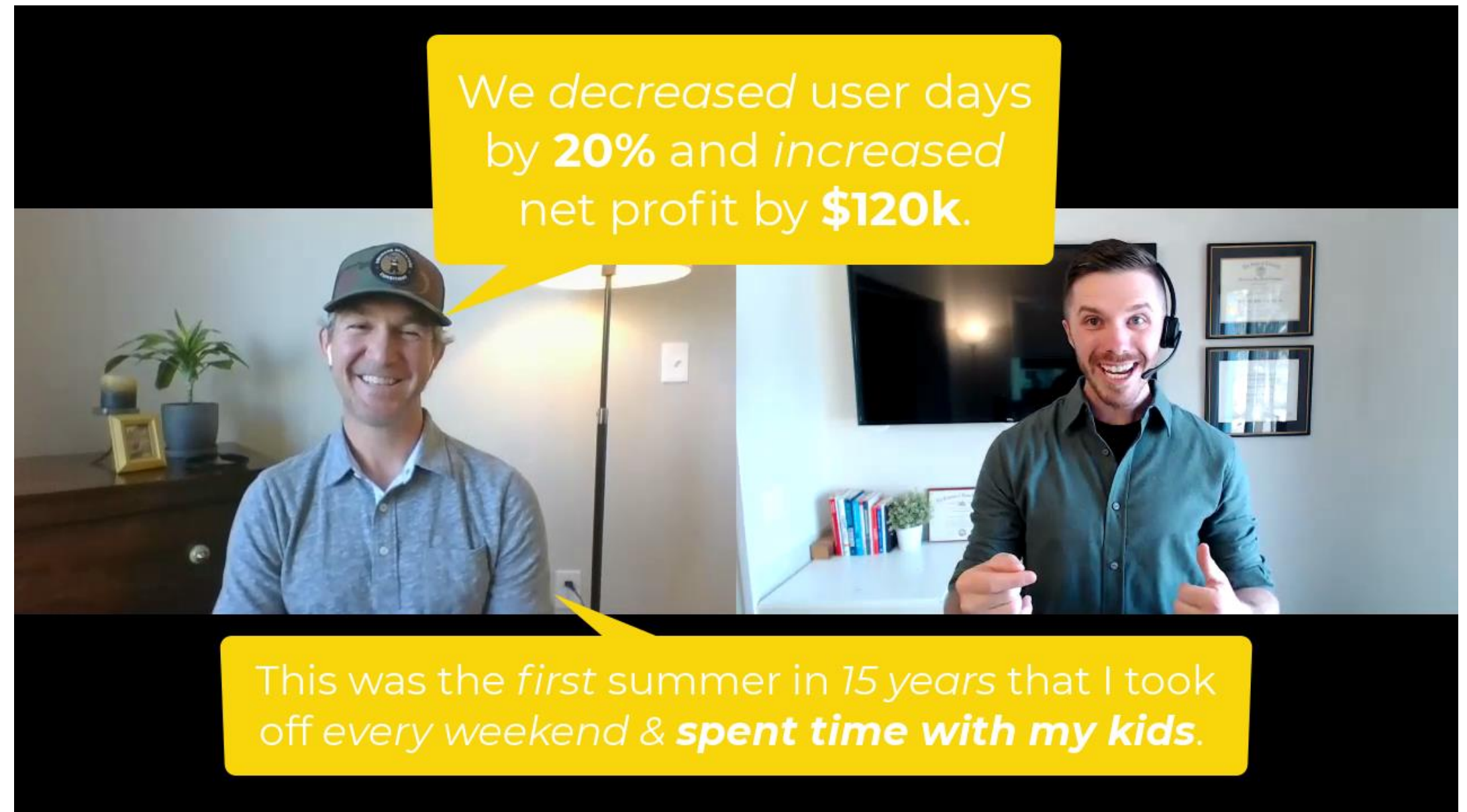
End of season 2020:

- Dropped user days by 20%.
- Improved net profits by \$120k.

This means:

- Spent weekends with his kids.
- Paid for a new home build.

<https://youtu.be/Hfxip8l9x6k>



Erick Loyer

Ice Pirates Backcountry Adventures

Snowmobile tours in Silverton, CO
Purchased his business in 2008
Small Mom & Pop Shop
w/ \$70k per year net income

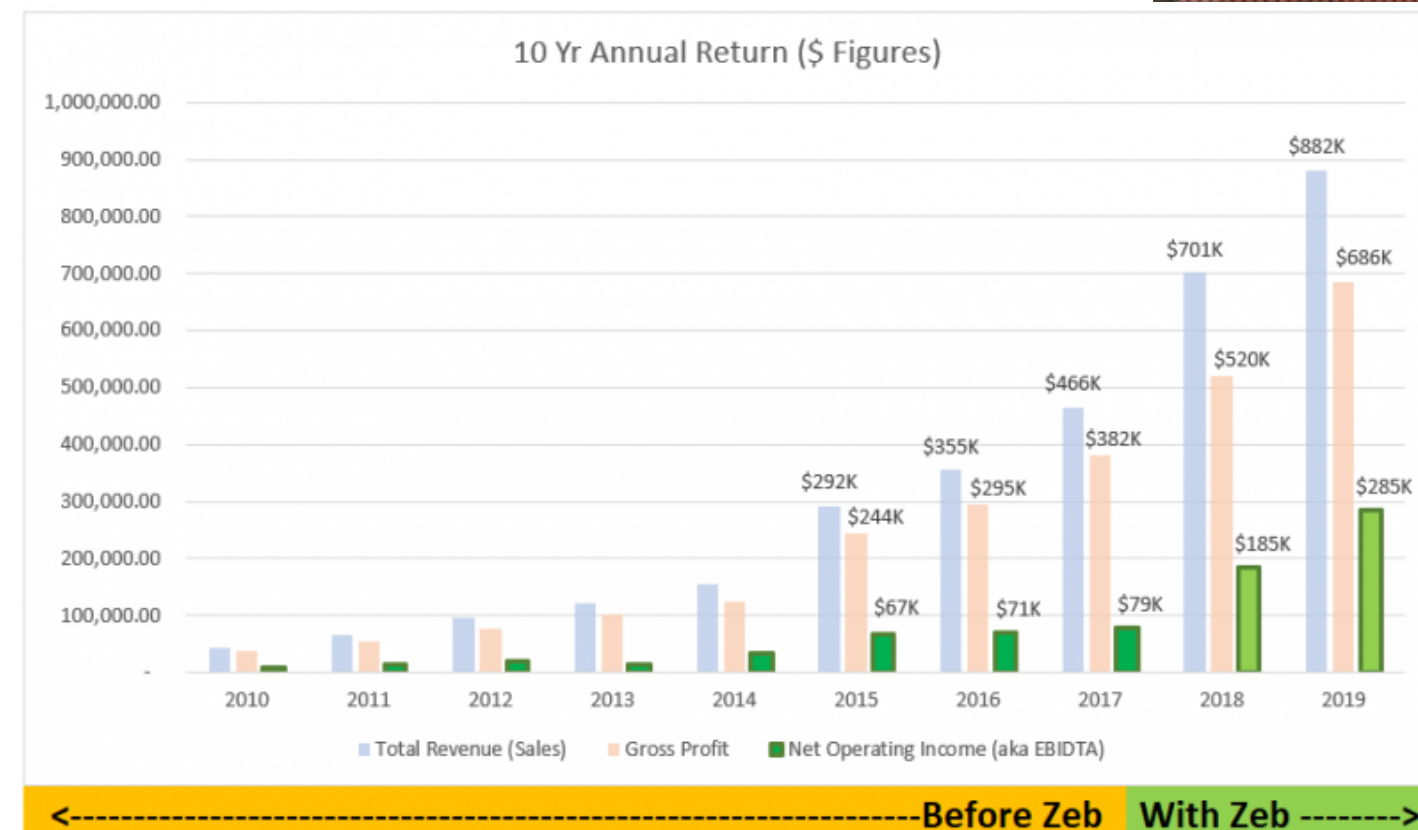


Erick Loyer

Ice Pirates Backcountry Adventures

In 2017:

- Expanded into summer atv rentals
- Started strategies here



Erick Loyer

Ice Pirates Backcountry Adventures

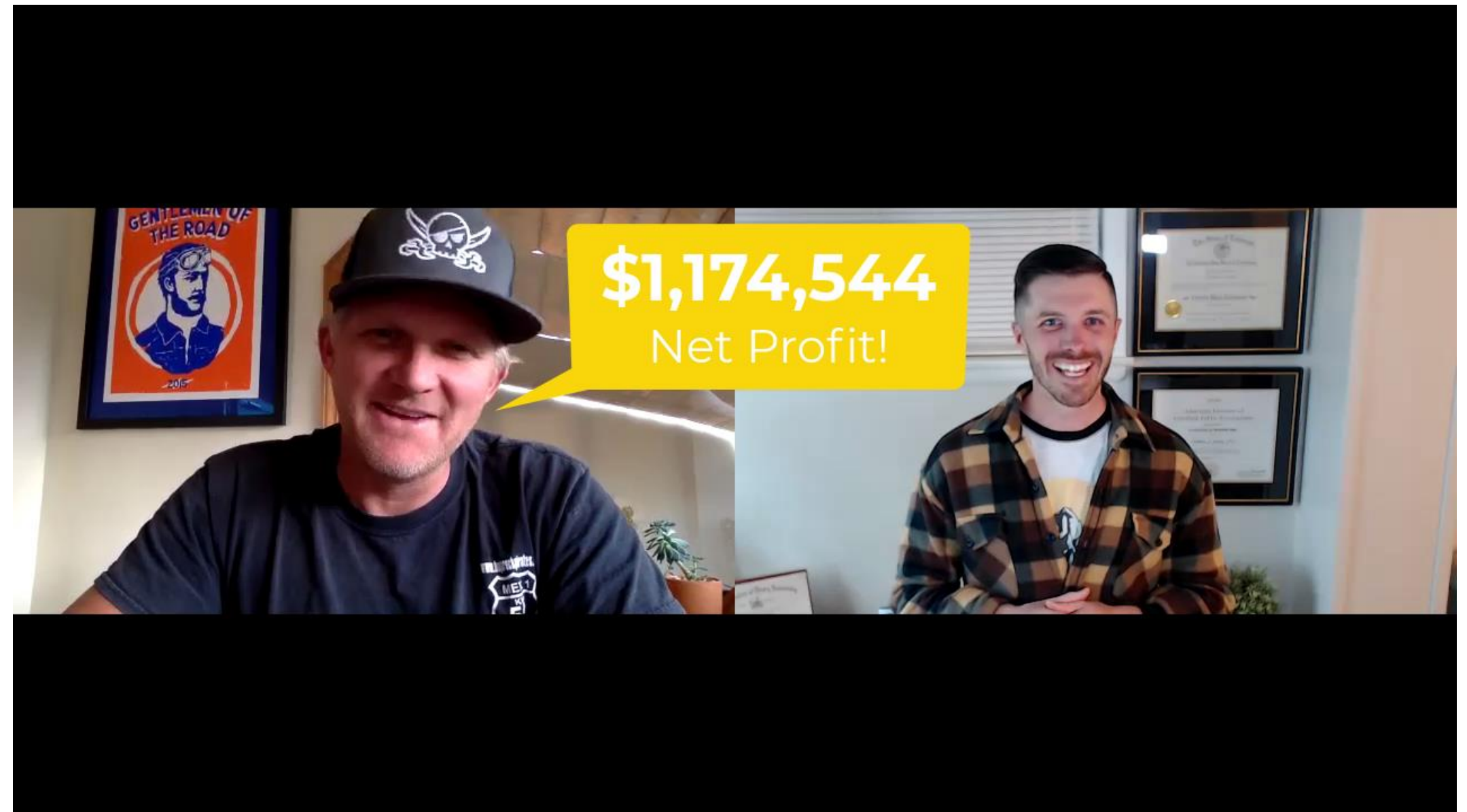
https://youtu.be/I_D7IFLfVUw

From 2017 to 2020:

- Over \$1mill
- Net Profit

Erick plans to pay-down debts & setup education funds for his kids.

He is excited about his future.



Case Studies

What do these outfitters have in common?

*Adopted the strategies
and tools discussed in
this presentation.*



Three Topics

**To improve profits &
Make cash management easy**

1. Your Plan
2. Your Profits
3. Tools & Strategies



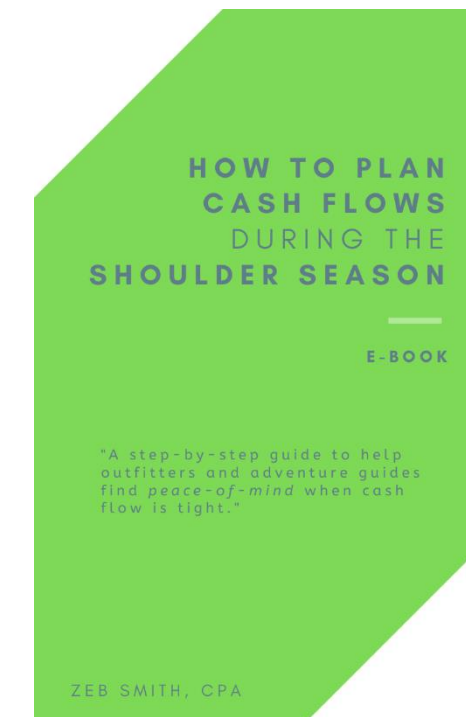
Link to access resources

At end of presentation...

Free for all attendees.

Lays out everything here
and more.

Absorb material and think
about how it applies to
your outfit.



MAUS ICEBERG BUSINESS GOALS



Profits & Cashflow
are the *results*
of everything else

Owner Direction

Articulating your needs &
communicating your vision

Your Plan

Your personal needs

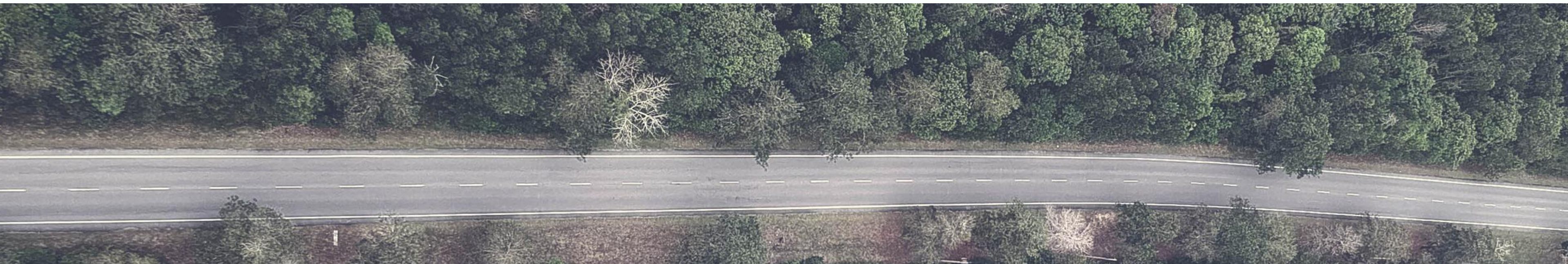
Your non-negotiables & financial requirements.

Your business vision

The structure for your business to follow.

Benchmarks

To deliver on both.



Your personal needs

Your non-negotiables & financial requirements

What are your immutable laws?

What's your role?

What do you need financially to afford your personal goals?

Do for both owners & top managers



Your personal needs

Your non-negotiables & financial requirements



Why are these important?

1. Give us focus & motivation as owners and managers.
2. Set the stage for benchmarks & target metrics to evaluate progress.
3. Help us make informed & intentional decisions both during and between seasons.

Your personal needs

Your non-negotiables & financial requirements



What can you do today?

Take Action #1:

- Write it all out.
- Attach a \$ to each item.
- Tally it up for 'owner pay' benchmark.

Personal goals				Exit planning goals	
	Now	Future		Ownership Succession	
Wage				Will you sell/exit the business?	
Stress				When?	
Hours				Amount?	

This is the #1 benchmark to protect you & your business.

These change over time... So evaluate them frequently.

Your business vision

The direction for your business to follow

Imagine your ideal business...

What do you see?

Who are you with?

*Do this for this year, 1 year out,
3-5 years out, 10+ years out, &
what you envision the exit to look like.*



**YOUR
BUSINESS
DIRECTION**
Business Planning

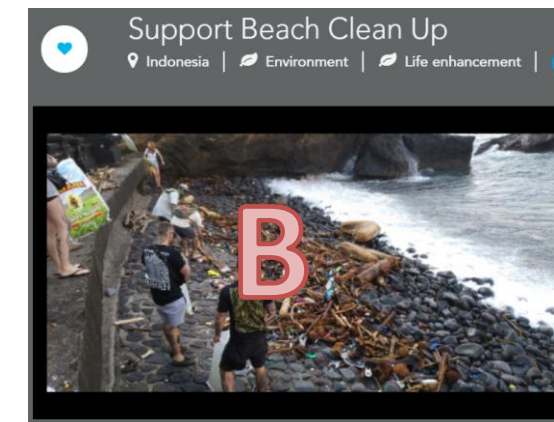


Your business vision

The direction for your business to follow

How often do you evaluate your business vision?

Put it in the comments & include A, B, C, T, or S...



Your business vision

The direction for your business to follow



Needs to be evaluated *at least* annually.

A few questions to ask yourself:

1. Have your personal needs changed?
2. What did you learn this past year?
3. Are last year's goals/milestones still relevant?

Your business vision

The direction for your business to follow



What can you do today?

Take Action #2:

- Write it out.
- Attach a \$ & date to each item.
- Tally it up for 'profit' benchmark.

High-level business goals			
	Now	Future	Timeframe
Revenue			
Profit			

These become the 'growth' component of your annual profit needs.

Benchmarks

To deliver both

What are the two benchmarks that *must* be protected?

- Owner pay – based on your current & future needs
- Profit – the *growth* component to afford the future

Bonus! Calculate each as a % of sales...

Every week transfer money into separate bank accounts to protect each.



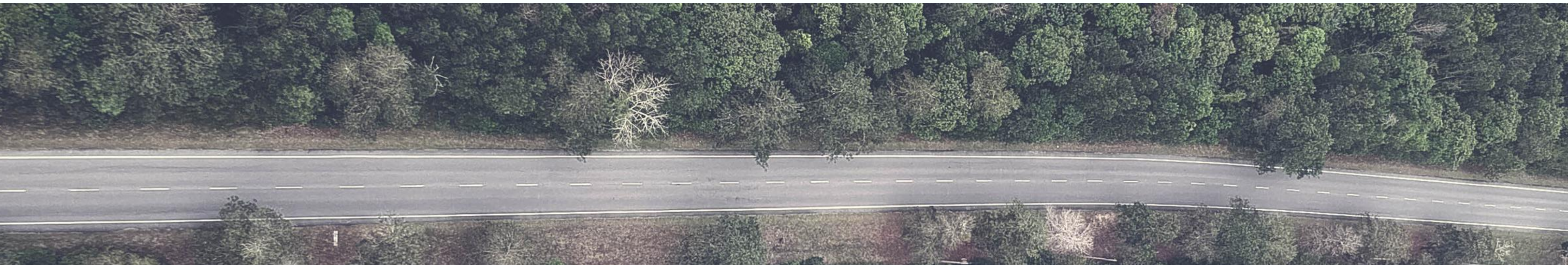
Your Profits

Q&A

What are they and how do they help?

Evaluate your profits

Know your past to drive your future.



An aerial photograph of a river winding through a dense green forest. Two red inflatable rafts are visible on the river, each carrying several people. The river is surrounded by rocky banks and lush vegetation. The image is overlaid with a semi-transparent dark blue rectangle containing white text.

Profit (*noun*)

A financial gain, especially the difference between the amount earned and the amount spent in buying, operating, or producing something.



**If a company is not profitable,
It will cease to exist.**

Henry Ford

Profits Q&A

What are they & how do they help?



What are your profit needs?

To start...

Go back to your plan exercises.

These are the *net profit* needs for both you and your business.

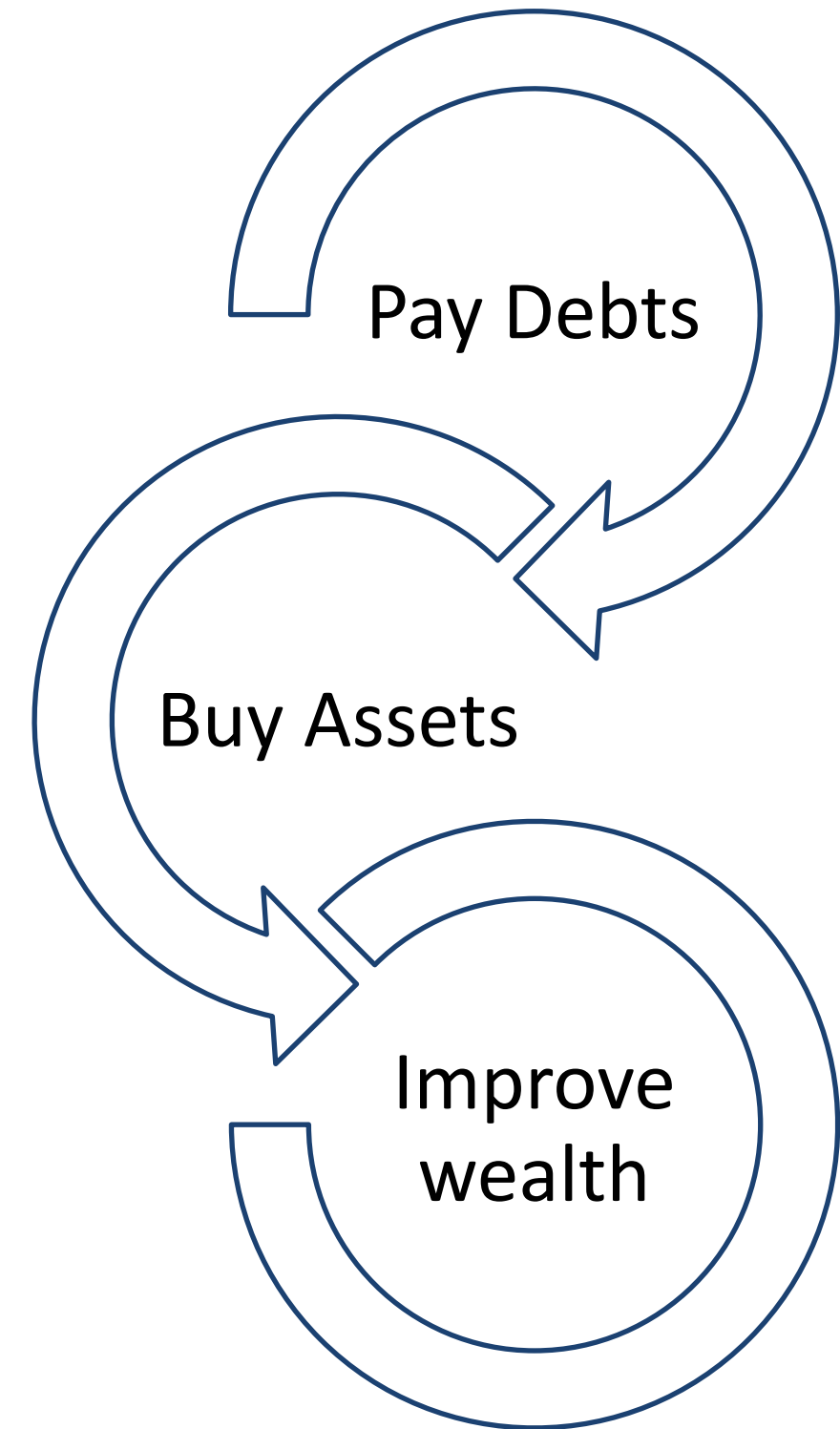
Profits Q&A

What are they & how do they help?



How do they help?

1. Profits pay for your future & your business's futures.
2. The cash generated by *net* profits are used to:
 - Purchase assets.
 - Pay down debts.
 - Improve your wealth.



Profits Q&A

What are they & how do they help?



What is the biggest & most costly miss-understanding about profits?

Revenue	\$xxxx
Less Expenses	(xxxx)
Net Profit	\$XXXX

An *ugly* Profit & Loss

What's the problem?

We can not easily extract the three profits
to effectively manage your business.

Profit and Loss Statement Template

[Company Name]

[Street Address], [City, ST ZIP Code]

[Phone: 555-555-5555] [Fax: 123-123-123456]

[abc@example.com]

Profit & Loss Statement

For the Period Ended _____

Income	\$	\$
Sales	0000000	
Services	00000000	
Other Income	00000	
Total Income		0000000
Expenses		
Accounting	0000000	
Advertising	000000	
Assets Small	000000	
Bank Charges	000000	
Cost of Goods Sold	00000	
Depreciation	00000	
Electricity	000000	
Hire of Equipment	00000	
Insurance	00000	
Interest	00000	
Motor Vehicle	00000	
Office Supplies	00000	
Postage and Printing	00000	
Rent	00000	
Repairs and Maintenance	000000	
Stationary	0000	
Subscriptions	00000	
Telephone	00000	
Training/Seminars	00000	
Wages and On costs	00000	
Total Expenses		00000000
Profit/Loss		00000000

Profits Q&A

What are they & how do they help?



How do we fix it?

Let's break profits down to further understand...

There are three different profits in your business:

1. Gross Profit
2. Net Profit
3. Adjusted Net Profit

Profits Q&A

What are they & how do they help?



How they are calculated...

Revenue	\$xxxx
Less Variable Costs (aka cost of sales)	<u>(xxxx)</u>
Gross Profit	XXXX
Less Fixed Costs (aka expenses)	<u>(xxxx)</u>
Net Profit	XXXX
Less Owner Discretionary Items	<u>(xxxx)</u>
Adjusted Net Profit	\$XXXX



A beautiful Profit & Loss

What's the solution?

Restructure your chart of accounts to be a useful report.

Evaluate your cost of sales different from your business expenses.

This is NOT your tax accountant's profit & loss. Let's be honest...Tax reporting is useless.

PROFIT AND LOSS

	TOTAL
Income	
01 Rafting Income	754,941.84
02 Retail Income	85,662.69
03 Photo Income	52,009.40
04 Industry Partner Income	20,371.84
05 Other Primary Income	14,118.83
x_Discounts given	-1,025.90
Total Income	\$926,078.70
Cost of Goods Sold	
01 Rafting - COS	198,065.88
02 Retail - COGS	51,524.91
03 Photo - COGS	19,164.62
Total Cost of Goods Sold	\$268,755.41
GROSS PROFIT	\$657,323.29
Expenses	
Advertising/Promotion	139,365.65
Employee Expenses	91,566.65
Facility Expenses	35,024.94
Financial Expenses	37,918.61
General Business Expenses	34,910.78
Office Expenses	11,717.59
Professional Fees	7,835.60
Taxes Paid	33,443.94
Travel	9,473.56
Total Expenses	\$401,257.32
NET OPERATING INCOME	\$256,065.97
Other Income	
Interest Income	5,000.00
Total Other Income	\$5,000.00
Other Expenses	
Depreciation/Amortization	135,902.00
Other Items	134.12
Owner Tax-Related Items	161,905.93
Total Other Expenses	\$297,942.05
NET OTHER INCOME	\$ -292,942.05
NET INCOME	\$ -36,876.08

Adjusted Net Profit

Why call these items out separately?

Shows the business's net operating cash flow separately from the overall net income.

It's a lot easier to understand how much cash the business generates.

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Client Name

Adventure Company



Annual Sales

926078

Variable Costs

268755

Gross Profit

\$657,323

Gross Profit Percentage

70.97 %

Stepped Cost

0

Fixed Costs

401257

Net Profit

\$256,066

Owners Salary Adjustment

161906

Adjusted Net Profit

\$94,160

Net Profit

Net Profit – The overall business return to fund the future.

How well we manage our business.

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Net Profit

Expenses aka Fixed Costs

They are the overhead activities that support the generation of gross profits.

They DO NOT change with increases & decreases in sales.

We want to treat these as 'investments.'

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Net Profits

Managing the business



Top strategies to improve net profits.

#1. Align your 'investments' with your business vision.

- Staff-up to align with your immutable laws.
- Purchase the professional support to get you to where you want to go.

#2. Evaluate your 'investments' often.

- Set goals, benchmarks, & milestones for each... Keep your *profits* in mind.
- Check-in on progress often & make adjustments accordingly.

Net Profits

Managing the business



Top strategies to improve net profits.

#3. 'Match-up' your efforts with your financial commitments.

- Owners: Focus on the biggest investments (*key stakeholders, managers, etc*).
- Managers: Focus on personnel and gross profit margin.
- Staff: Day-to-day activities... Typically small financial commitments.

#4. Do an annual expense review. Check for:

- Alignment with overall business vision.
- Opportunities to better negotiate price with delivery.
- Identify and cut unnecessary items.

Gross Profit

The objective here is to manage customer experiences.

Gross Profit – How much your sales activities generate to fund the business.

How well we generate income.

“Every \$1 of additional Gross Profit flows straight to the bottom line”

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Gross Profit

Calculate GPM (Gross Profit / Income):

- 1. Business as a whole.*
- 2. Different income streams.*

Ways to improve:

- 1. Increase Sales*
- 2. Better Manage Costs*

"Bigger isn't better. Smarter is better."

PROFIT AND LOSS

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Gross Profit

Managing the customer experience



Top strategies to improve gross profits.

“Bigger isn’t better. Smarter is better.”

#1. Wisely increase sales... without increasing volume.

Gross Profit

Managing the customer experience



How do I *wisely* increase sales without increasing volume?

1. Know your ideal customer.
2. Build your sales offerings based on your ideal customer's interests.
3. Price according to your ideal customer's interests. NOT YOUR COMPETITOR'S.

Gross Profit

Managing the customer experience



Top strategies to improve gross profits.

“Bigger isn’t better. Smarter is better.”

#1. Wisely increase sales... without increasing volume.

#2. Provide incentives to your *ideal* customers to buy more.

#3. Wisely manage your costs based on your *ideal* customer’s interests.

Gross Profit

Managing the customer experience



Top strategies to improve gross profits.

“Bigger isn’t better. Smarter is better.”

#4. Evaluate the profitability of each income stream & the business as a whole.

#5. Refine the income streams that your ideal customer values. Ditch the others.

#6. If you must increase volume target your ideal customer.

Take Action #3!

*Restructure your chart of accounts.
Follow my example.*



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Take Action #4!

Do an 'investment' review.

1. Export cost of sales and expense data

from your accounting system.

2. For every purchase indicate:

- Alignment with business vision.*
- If it needs negotiated.*
- If it's truly necessary or not.*

3. Game-plan & align efforts for each and

take action!

Answer "Yes" or "No"													
Date	Transaction Type	Num	Adj	Name	Memo/Description	Account	Split	Amount	Recurring? Yes/No	Critical to the business? Yes/No	Can it be replaced? Yes/No	Is it necessary? Yes/No	Notes
08/07/2019	Check	1016	No	Construction	Road grading	Services	CHECKING (5606)	800.00	Yes	Yes	No	Yes	
03/14/2019	Check	909	No	DMV	Robert Reed driving record	Taxes & Licenses	CHECKING (5606)	0.00	Yes	Yes	No	Yes	
01/28/2019	Expense		No	Card	Secretary of State registration	Taxes & Licenses	CHECKING (5606)	25.00	Yes	No	No	Yes	
05/20/2019	Check	952	No	KRVCC	Sexual harassment training	Services	CHECKING (5606)	35.00	Yes	Yes	No	Yes	
12/07/2018	Check	862	No	Megan Jarvis	Shirt design	Advertising & Marketing	CHECKING (5606)	400.00	No	Yes	No	No	

Recurring	Sum of Amount	Critical to Biz?	Sum of Amount	Replaceable/negotiable	Sum of Amount	Necessary	Sum of Amount
Row Labels	Sum of Amount	Row Labels	Sum of Amount	Row Labels	Sum of Amount	Row Labels	Sum of Amount
No	22,483	No	61,865	No	804,383	No	21,839
Yes	823,514	Yes	784,132	Yes	41,614	Yes	824,159
(blank)	22,037	(blank)	22,037	(blank)	22,037	(blank)	22,037
Grand Total	868,034	Grand Total	868,034	Grand Total	868,034	Grand Total	868,034
Recurring? Yes/No	No	Critical to the business? Yes/No		Can it be replaced? Yes/No	Yes	Is it necessary? Yes/No	No
Row Labels	Sum of Amount	Row Labels	Sum of Amount	Row Labels	Sum of Amount	Row Labels	Sum of Amount
(blank)	5,675	(blank)	14,304	Google	13,008	(blank)	11,004
Jerry's Refrigeration	3,620	O.A. Properties	10,000	(blank)	8,976	Wells Fargo Credit Card	2,678
Dana B. Holguin	3,010	NRS	7,138	Black Owl Media	4,675	Adam Pedicini	2,500
Reichenbach's Autobody Inc.	2,404	Intuit	6,797	Wells Fargo Credit Card	3,285	Sierra Rescue International	2,200
O.A. Properties	1,000	State Fund	5,382	EDD	3,000	EDD	1,000
Megan Jarvis	800	Jerry's Refrigeration	3,620	Adam Pedicini	2,500	Pablo Serrano	830
Wells Fargo Credit Card	743	Inflatable Technologies	3,312	Fire and Ice	2,233	Leesa Cizmar	490

Tools & Tactics

To improve profits & make cash management easy

You must attend the session to get the link! =)

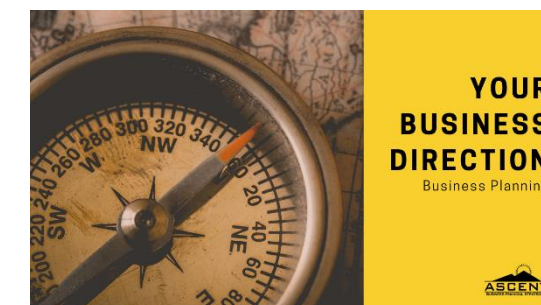
Complete the courses and do the exercises to:

1. Write-out your personal financial needs.
2. Write-out your business vision and profit needs.
3. Restructure your chart of accounts to deliver useful information.
4. Do an 'investment' review and game-plan next steps.

Market your ideal customer & adjust your customer experience accordingly...

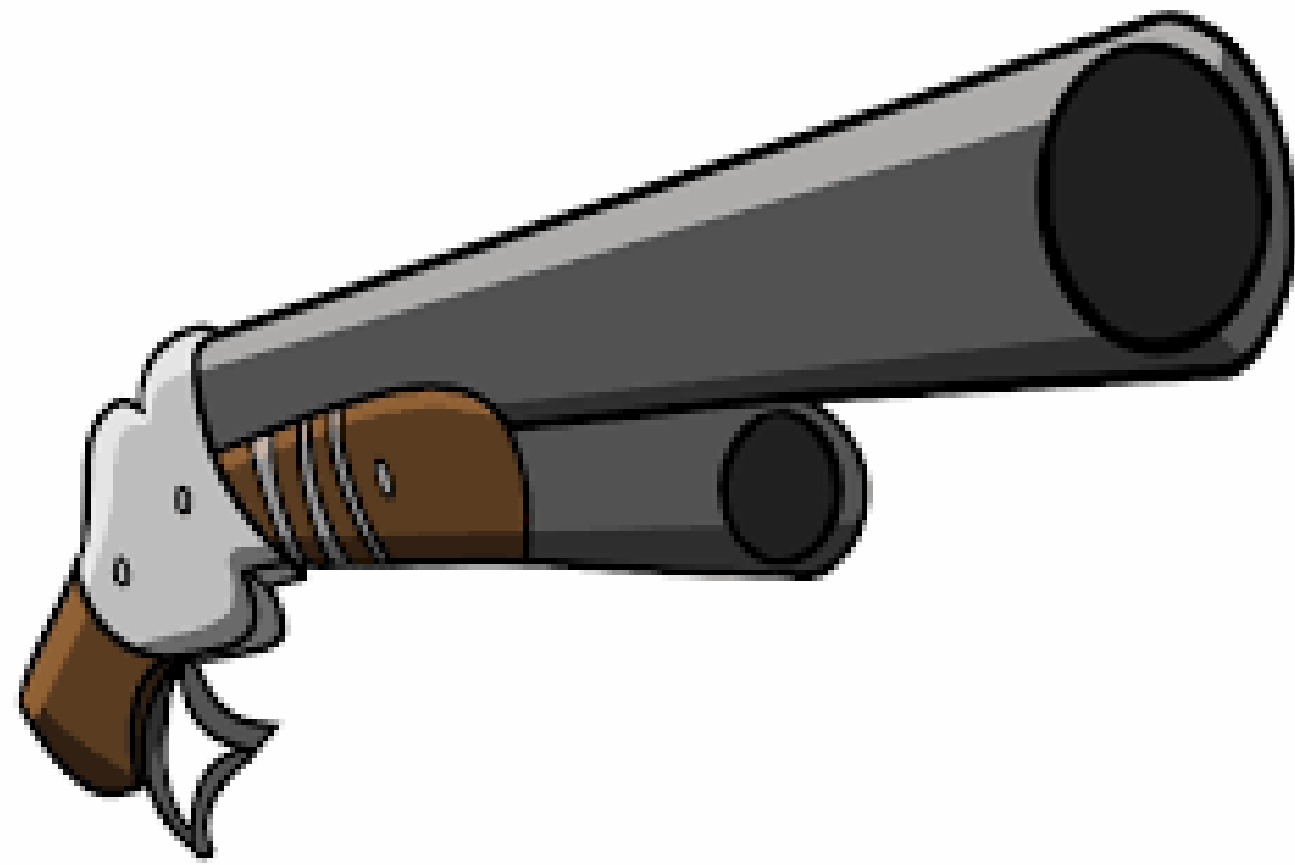
Manage your gross profits by adjusting pricing, experience deliveries, and costs according to your ideal customer's interests.

PROFIT AND LOSS	
	TOTAL
Income	
01 Raffle Income	750,000.00
02 Raffle Income	50,000.00
03 Photo Income	50,000.00
04 Industry Partner Income	50,000.00
05 Other Primary Income	14,118.83
4 Discount given	1,000.00
Total Income	\$905,078.70
Cost of Goods Sold	
01 Raffle - COGS	100,000.00
02 Raffle - COGS	50,000.00
03 Photo - COGS	15,118.83
Total Cost of Goods Sold	\$165,118.83
GROSS PROFIT	\$740,000.00
Expenses	
Advertising/Promotion	120,000.00
Employee Expenses	91,500.00
Facility Expenses	20,000.00
Financial Expenses	27,915.61
General Business Expenses	24,910.78
Office Expenses	17,717.58
Professional Fees	7,820.00
Taxes Paid	32,443.94
Travel	5,470.56
Total Expenses	\$407,807.87
NET OPERATING INCOME	\$332,192.13
Other Income	
Interest Income	5,000.00
Total Other Income	\$5,000.00
Other Expenses	
Depreciation/Amortization	135,000.00
Other Items	134.12
Owner's Tax-Related Items	181,900.00
Total Other Expenses	\$316,934.12
NET OTHER INCOME	\$ -284,742.00
NET INCOME	\$ 41,449.13



Tools & Tactics

To improve profits & make cash management easy



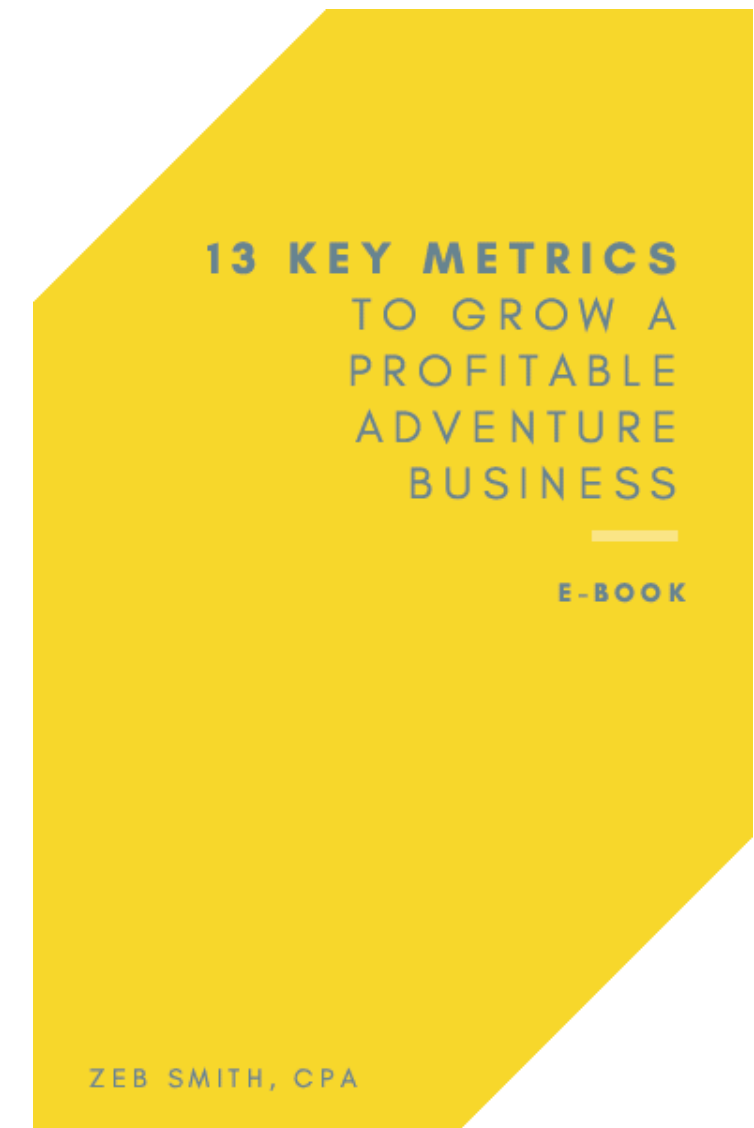
Shotgun Delivery!

Tools & Tactics

To improve profits & make cash management easy

Adopt three customer-focused metrics to improve and evaluate year-by-year:

1. # of leads in your list
 - Email subscribers & social media followers
2. Avg spend by customer
 - Up sell, cross sell, & bundle
3. Purchasing frequency
 - Loyalty programs & limited time offers



Tools & Tactics

To improve profits & make cash management easy



Other top-line initiatives to effortlessly boost sales:

1. Leverage pricing psychology

- Used 'tiered' pricing & bundle to move product

2. Practice active pricing

- Continually increase prices until you notice a 'ceiling'

3. DO NOT price based on emotion

- Pricing based on competition is emotional pricing
- If you say "I feel..." then it's based on your emotion
 - Rather market your *ideal customer*...

Tools & Tactics

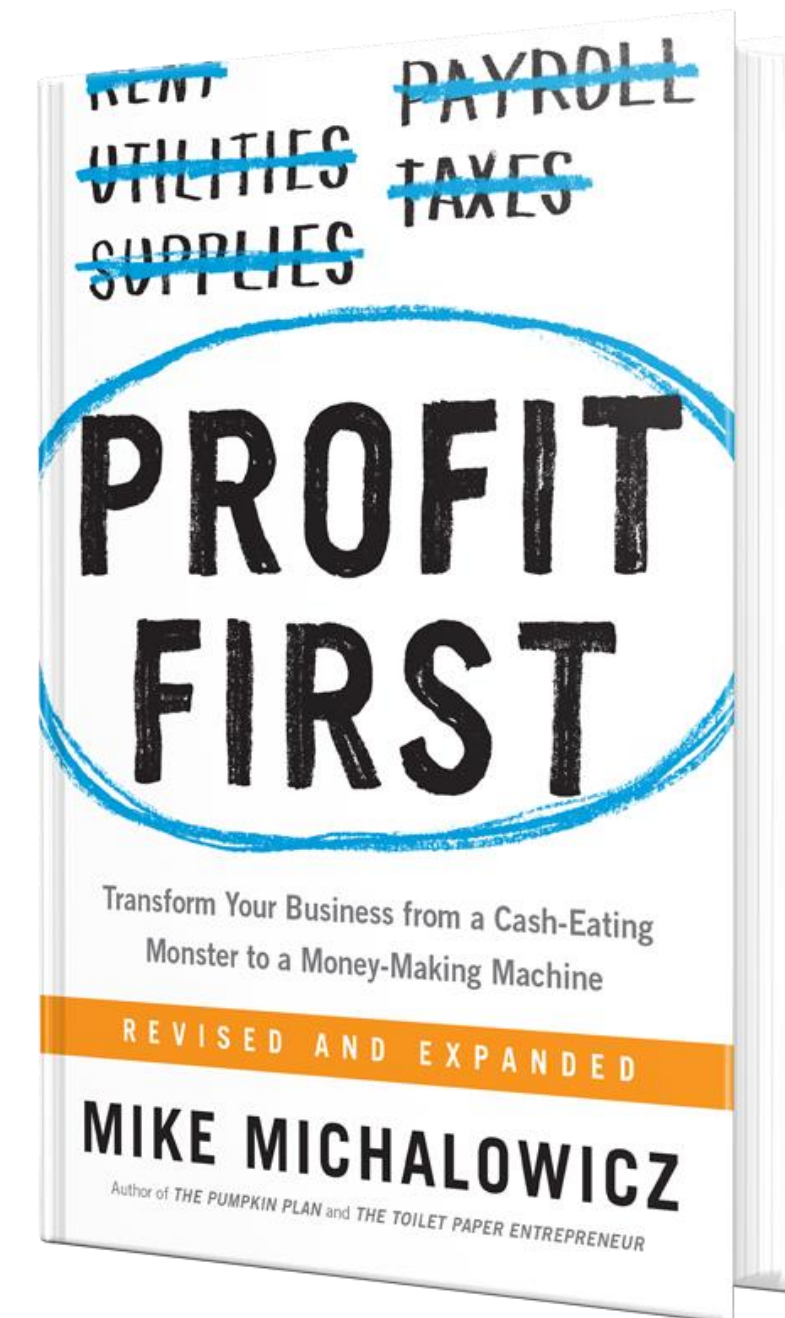
To improve profits & make cash management easy

Follow *Profit First* to 'protect' cash balances.

Setup at least five bank accounts:

1. Income
2. Profit
3. Owner Pay
4. OPEX
5. Tax

Route all customer payments to the 'income' account and transfer money bi-weekly to each of the four bank accounts. Use historical and target percentages for transfers.



Tools & Tactics

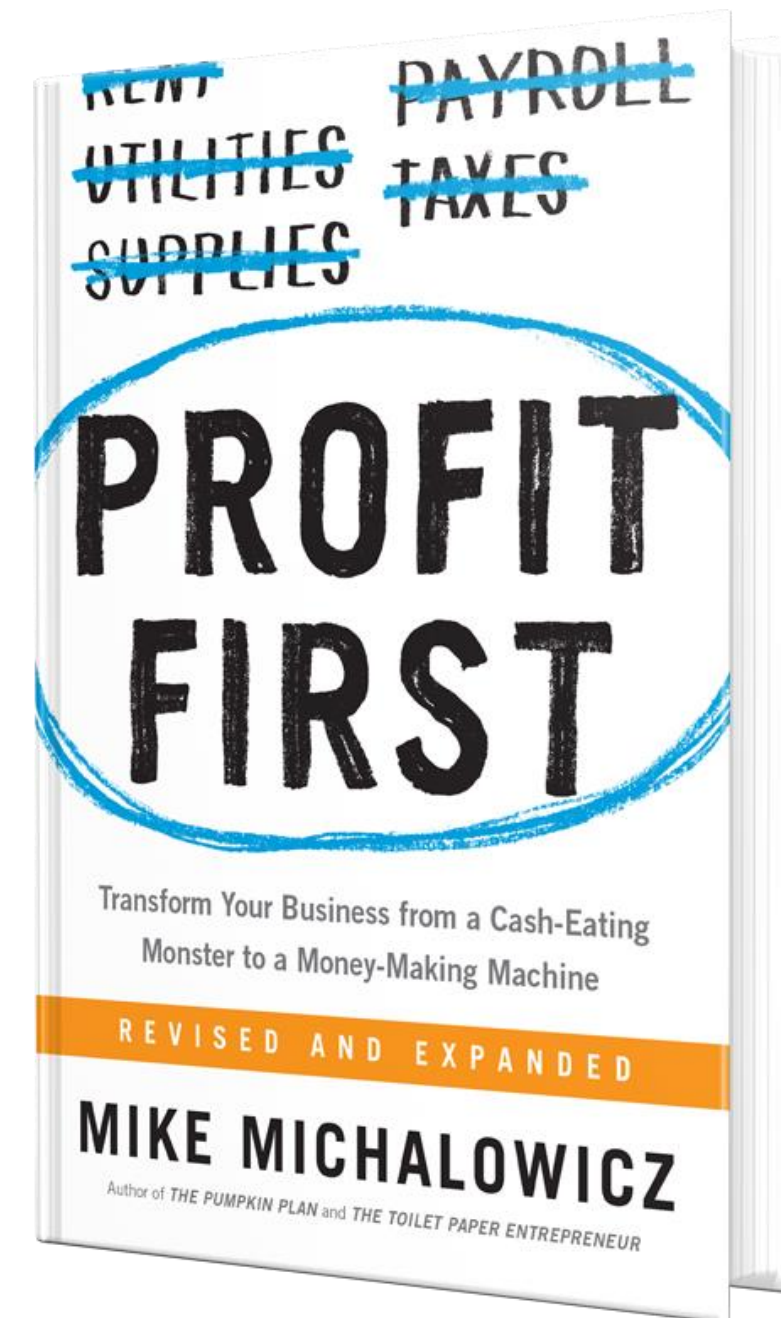
To improve profits & make cash management easy

Word of caution...

Mike's approach does not consider the 'boom & bust' seasonality of outfitters.

Consider additional bank accounts to set-up additional reserves and better match your unique needs.

Ex: Prepaid bookings, affiliates, capital purchases, & more.



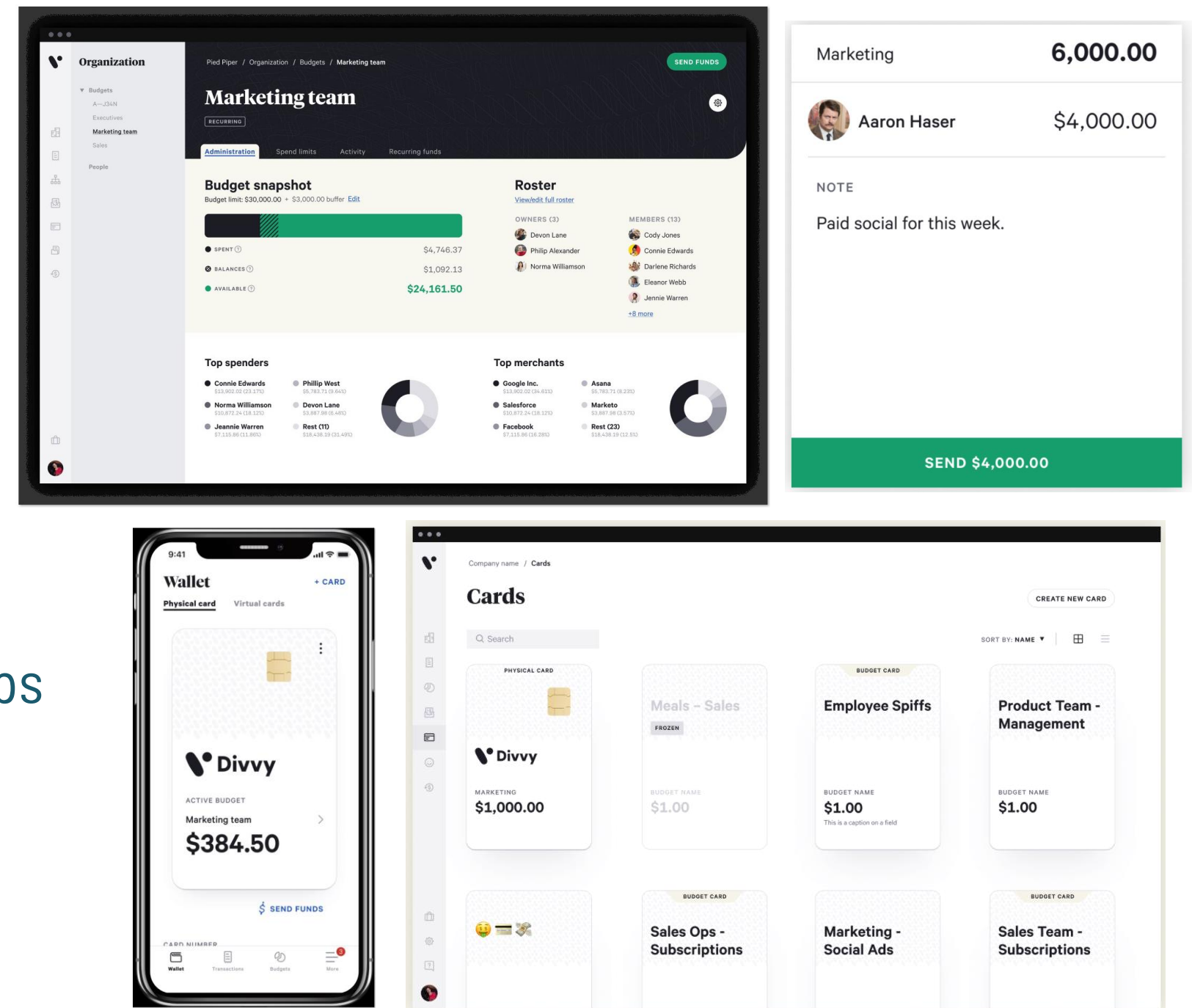
Tools & Tactics

To improve profits & make cash management easy

Use 'fin-tech' tools to:

- Create virtual cards for individual vendors
- 'Freeze' a vendor's ability to charge you
- Assign physical cards to employees & guides
- Set budgets based on profitability needs
- Adjust budgets and assign funds using mobile apps

Getdivvy.com



Tools & Tactics

To improve profits & make cash management easy



Include your team in managing profits.

Think up fun incentives to manage expenses and hold each other accountable.

- Weekly 'super saver' award
- End of year 'profit party'

Not your typical 'profit sharing' plan...

You'd be surprised how inexpensive and effective these things are.

Tools & Tactics

To improve profits & make cash management easy

Understand the three components of cash flow

- Operating activities
- Investing activities
- Financing activities

Correct financing errors

- Match financing terms to asset life



<https://www.americaoutdoors.org/cash-planning-to-put-more-money-in-your-pocket/>

Tools & Tactics

To improve profits & make cash management easy

Setup a monitoring schedule & stick to it.

Shoulder season:

- Know your cash-flow needs between seasons & use reserves
- Compare season to same season historically
- Compare season to mission-critical metrics & benchmarks
 - Gross Profit Margin
 - Net Profit Margin
 - Cash Balances



Tools & Tactics

To improve profits & make cash management easy

Setup a monitoring schedule & stick to it.

Busy season:

- Keep records up-to-date
- Weekly & monthly checks to mission-critical metrics & benchmarks
 - Gross Profit Margin
 - Net Profit Margin
 - Cash Balances
 - If under... Investigate why & make adjustments



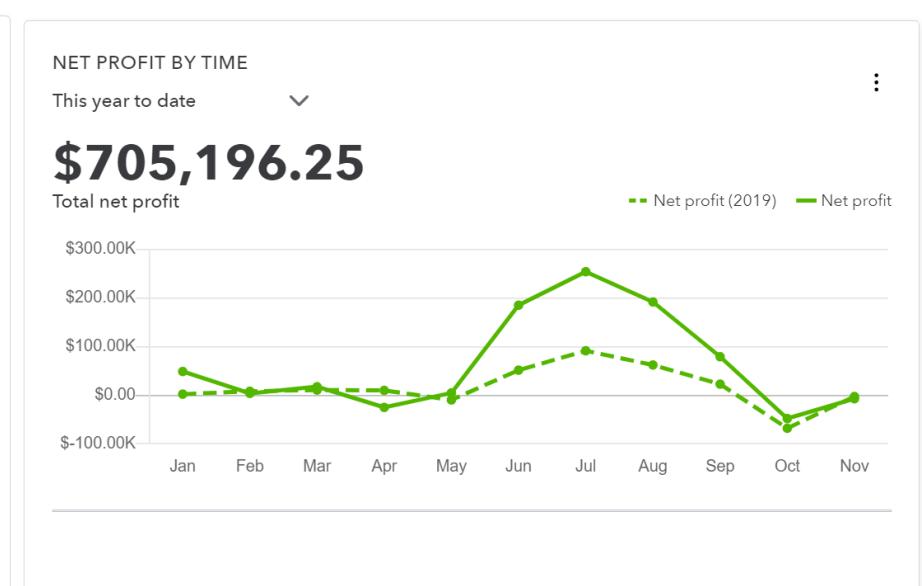
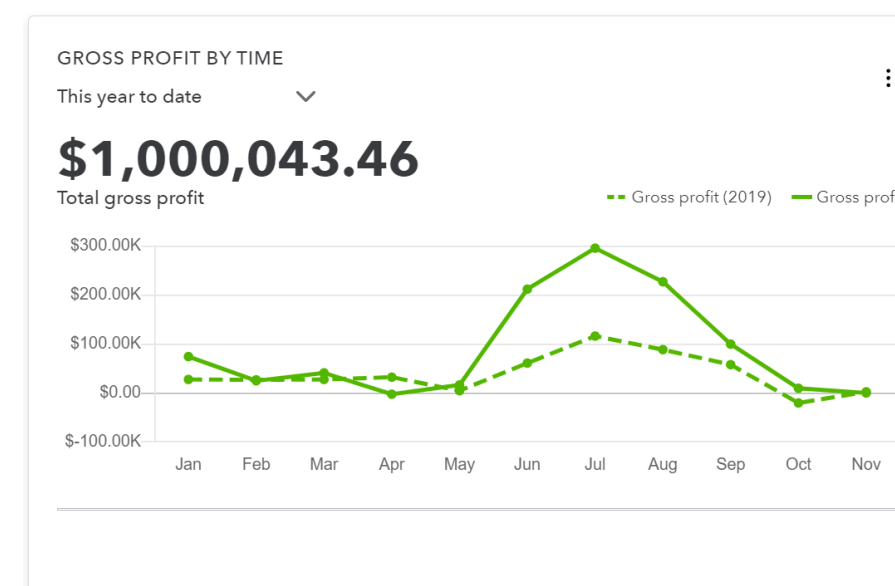
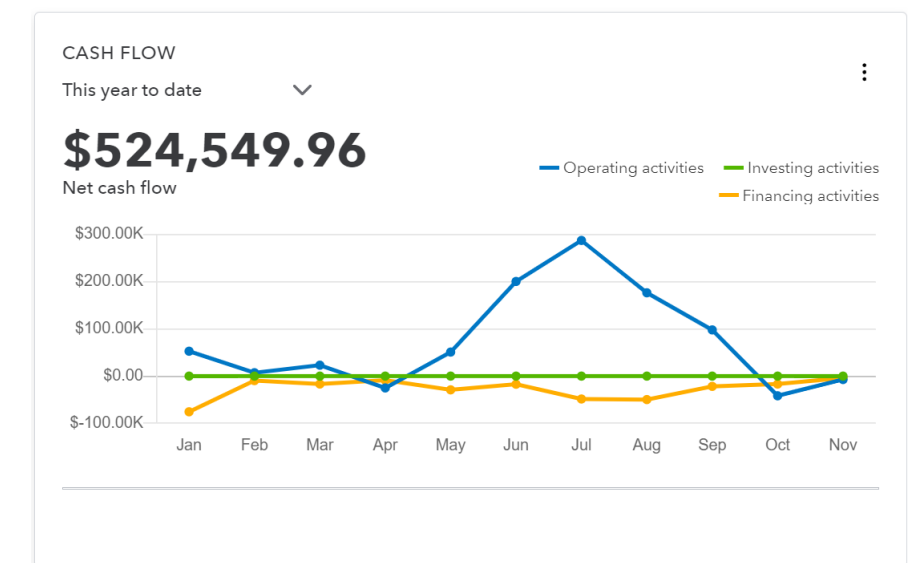
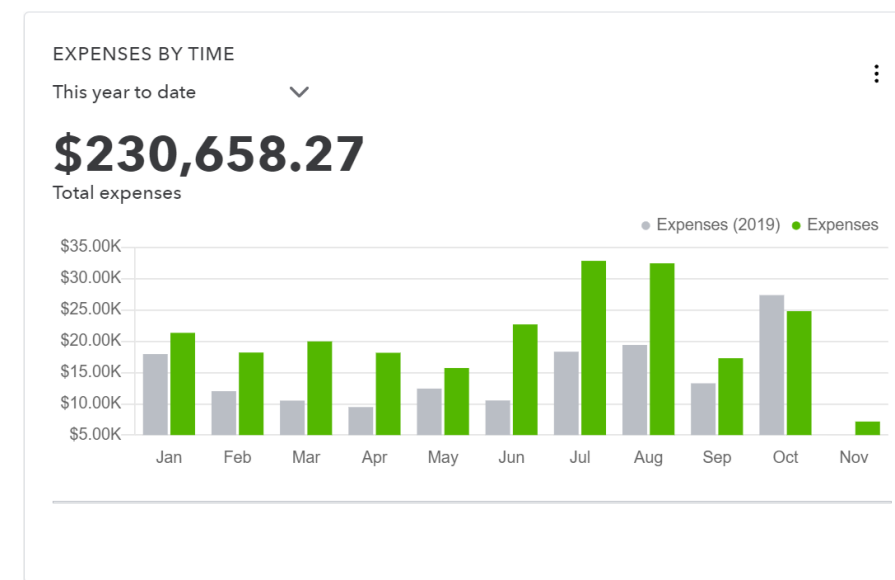
Tools & Tactics

To improve profits & make cash management easy

Setup a monitoring schedule & stick to it.

Use data visualization tools to easily see trends & make decisions.

*This stuff should not take you much time...
It should be setup for you to glance at and
know if there's a problem.*



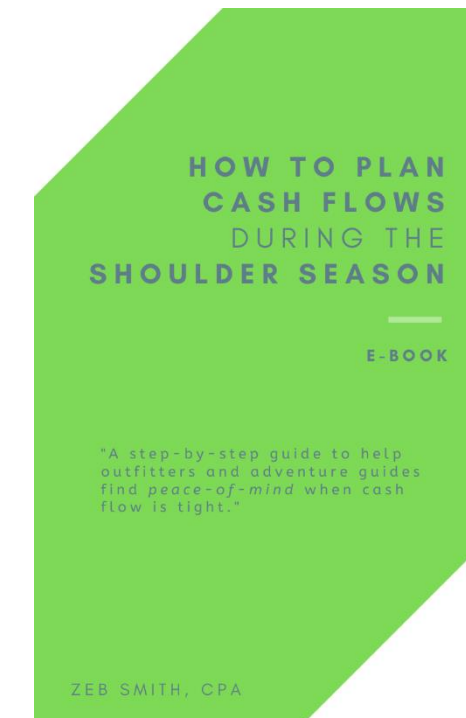
Link to access resources

You must attend the session to get the link! =)



Free for all attendees.

Lays out everything here
and more.



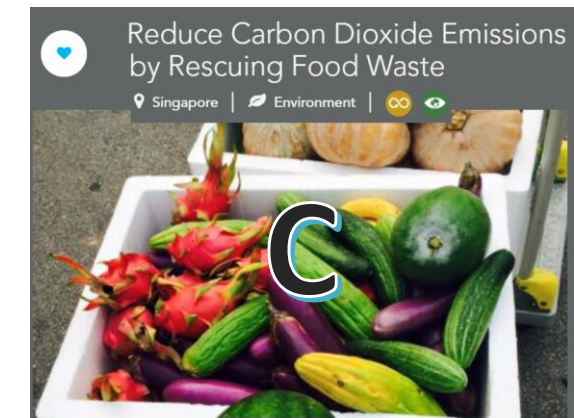
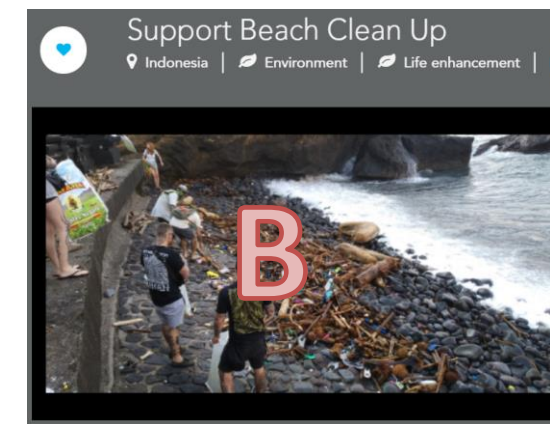
Put it to practice!

Adopt the top 3 most effective for your outfit

Did you find these session helpful?

What's one thing you plan to adopt in your outfit?

Put it in the comments & include A, B, C, T, or S...

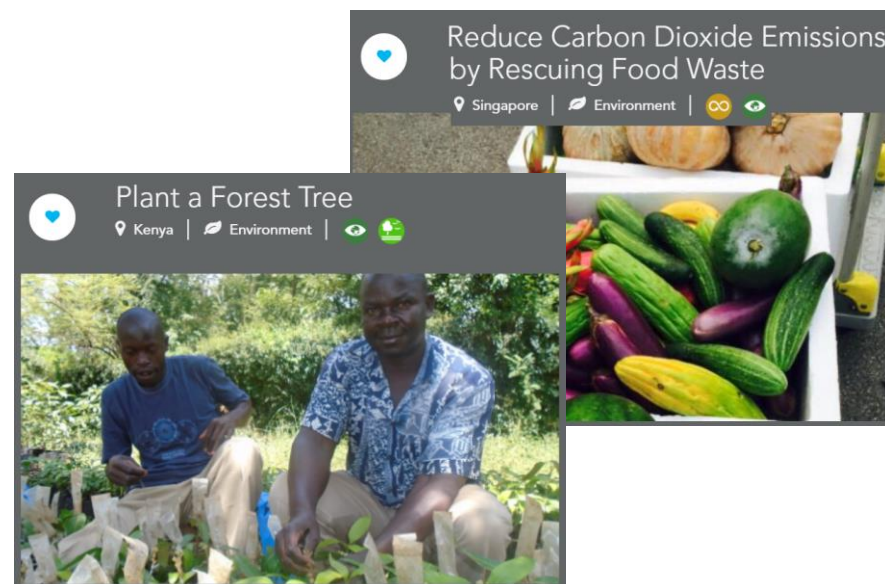


Profit for a Purpose

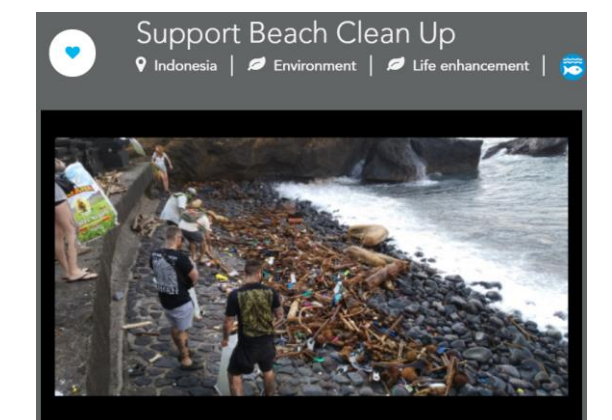
Schedule a Profit Diagnostic with me...

Without spending a dollar,
you will discover the most
efficient ways to improve
your profits...

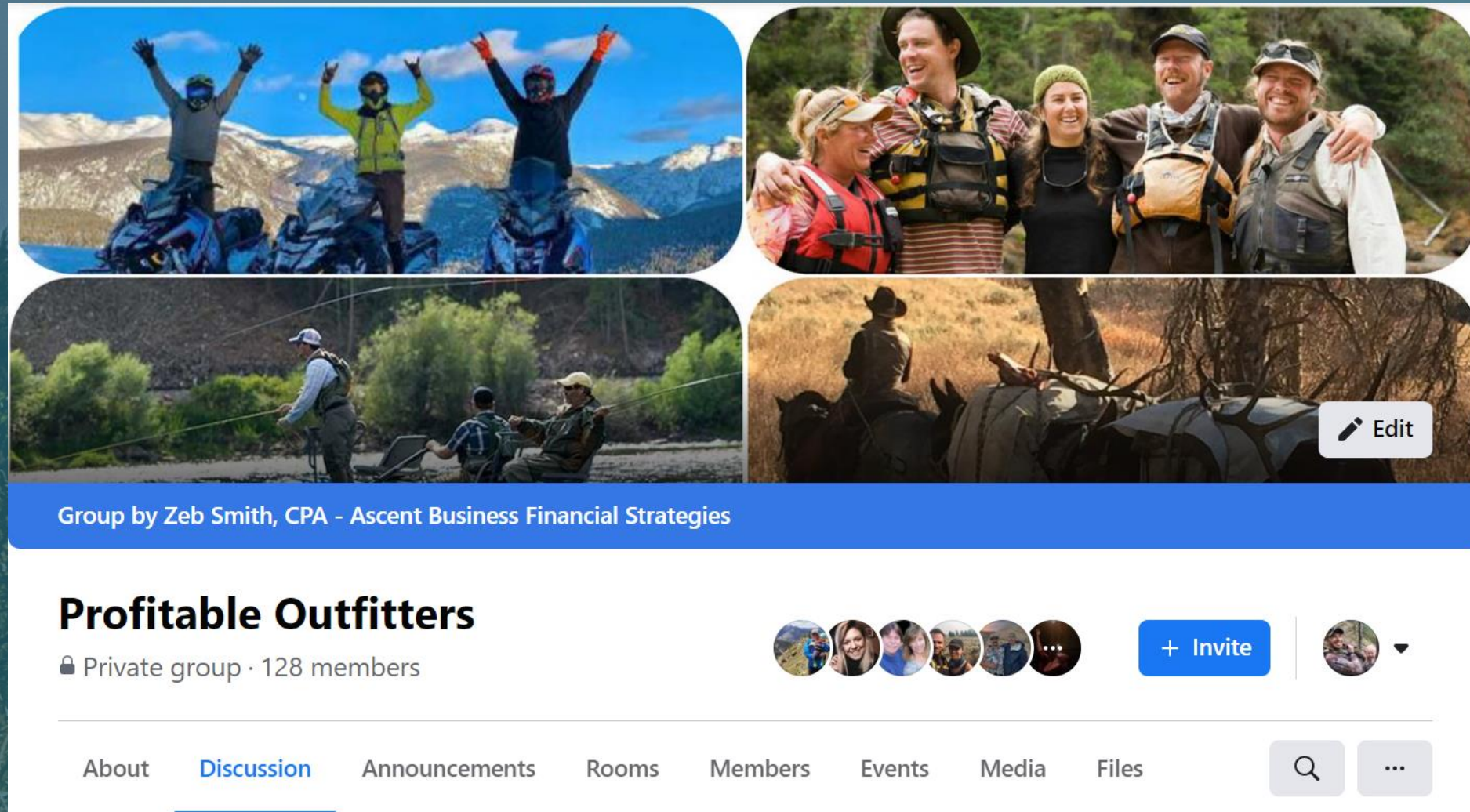
& the world will benefit!



	Before	After
Annual Sales	\$926,078	\$1,098,852
Variable Costs	\$268,755	\$302,950
Gross Profit	\$657,323	\$795,901
Gross Profit %	70.97 %	72.43 %
Stepped Costs	\$0	\$0
Fixed Costs	\$401,257	\$361,131
Net Profit	\$256,066	\$434,770
Owners Salary Adjustment	\$161,906	\$161,906
Adjusted Net Profit	\$94,160	\$272,864



Connect with Zeb



FACEBOOK

@zblnsmth

@ascentunlimited

@groups/outfitters.and.guides



TWITTER

@ZebCPA

Thank you for attending!

PLEASE FILL OUT A SURVEY FOR THIS SESSION

DECEMBER 1-4



2020 VIRTUAL CONFERENCE ^{AND} OUTFITTER EXPO

Profits for a Purpose

“For every Profit Diagnostic scheduled,
I will personally donate to the purpose of your choice.
Without spending a single dollar you will discover the most
efficient ways to improve *your* outfit's profits...
& the world will benefit too. It's a win-win!”

Zeb Smith, CPA
Ascent Business Financial Strategies